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DAILY BASE METALS REPORT

Risk-On Assets Weaken Amid China and US Concerns

Summary

- US stocks declined as markets grappled with growing recessionary threats.
- Weakness in Chinese consumer prices weighed on demand prospects, leading to softer aluminium and copper prices.
- The economic outlook for both the US and China also affected expectations for oil consumption, causing prices to correct.

Macro

US stocks continued to decline as markets grappled with increasing pessimism regarding the US economic outlook despite prevailing concern over tariffs. Although aluminium and steel tariffs are still expected to take effect on March 12th, recent extensions for Mexico and Canada have led to confusion about when these tariffs will actually be implemented and what their true impact will be. Currently, this uncertainty has caused markets to reassess the potential inflationary pressures that were anticipated following Trump's re-election. Additionally, recent labour data has heightened fears of a possible recession. Forward swaps now indicate an expectation of 78bps of rate cuts this year, compared to 37bps at the same time last month. While recent job figures showed some softness, we do not believe this indicates a long-term trend. The US economy still holds a relative outperformance over the EU and other economies.

Key US CPI data will be released this week, with expectations for a modest price growth rate of 0.3%, down from 0.5% MoM in January. The dollar has remained near the multi-month low but struggled below the 103.50 once again today. In the medium term, we anticipate that the index will regain some momentum as markets stabilise at a healthier level, which we estimate to be around 1.05. The US 10-year Treasury yield is 4.20%, and we believe geopolitical developments will be crucial in guiding the bond markets this week.

Base Metals

Copper experienced volatility in recent weeks, with the LME/COMEX arb widening rapidly. Even the previous 25% tariff implications were not fully reflected in the arbitrage, indicating that the markets remain sceptical about the

overall impact of these tariffs. Now that Canada - one of the largest exporters of metals to the US - has received an extension on some of the products, the potential impact may be much smaller than originally anticipated.

For the markets to make further moves, there needs to be a change in the fundamental consumption outlook, especially with improved confidence regarding China's economy. Currently, China's consumer inflation has dropped into negative territory for the first time since early 2024, which is putting pressure on demand prospects. As a result, we expect the complex to remain relatively range-bound in the near term. In the meantime, copper softened to \$9,528.50/t as aluminium struggled above \$2,700/t, coming back to \$2,694/t. Lead jumped higher to \$2,048.50/t as nickel retested the key resistance of \$16,500/t.

Precious Metals and Oil

Oil prices weakened on the back of growing pessimism surrounding the US and China consumption outlook, prompting WTI and Brent to weaken to \$66/bbl and \$69/bbl, respectively. Gold and silver remained broadly unchanged.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2695	2708	2684	2694.0	2689	13363	707477	14.97	122.02
Copper	9612	9638	9508	9528.5	9602	14860	302564	-18.46	431.82
Lead	2023	2055	2022	2048.5	2016	7595	141360	-19.21	92.72
Nickel	16410	16720	16405	16551.0	16405	10792	223902	-230.00	746.17
Tin	32480	32720	32400	32661.0	32450	490	22088	-98.00	1481.22
Zinc	2882	2894	2842	2856.5	2882	8783	217116	-37.10	129.18
					Total:	55883	1614507		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2716	2696	2710.05	2717.05	2720.21	2705.5	2671.5	2658.666667	
Copper	9547	9560	9524.74	9574.74	9608.63	9613.5	9526.916667	9534.75	
Lead	2032	2047.5	2115.15	2140.15	2000.1	2019	2002.5	2022.416667	
Nickel	16420	16650	17714.26953	18434.26953	16291.96	16504	15915.83333	16135.83333	
Tin	32600	32685			32441.5	32519	32003.33333	32141.66667	
Zinc	2827	2865	2881.71	2838.71	2851.99	2886.5	2832.833333	2864.333333	

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	510900	0	4700	-4700	506200	290400	215800	Comex, USc/lb		
Copper	257325	0	4000	-4000	253325	105450	147875	MAR 25	477.9 0.26	
Lead	206200	0	1300	-1300	204900	23925	180975	MAY 25	480.75 0.28	
Nickel	198522	0	696	-696	197826	17922	179904	Shanghai, CNY/mt		
Tin	3695	20	0	20	3715	335	3380	01-Feb	0 0.00	
Zinc	160175	0	75	-75	160100	26425	133675	01-Mar	78620 0.58	

Global Markets		Currencies		Precious Metals			Previous Day's Fix			
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	22621	-1.69	GBP	1.2890	-0.2322	Gold	2894.77	-0.4926	2918.5	2931.15
DJI	42114	-1.61	JPY	147.2000	0.5707	Silver	32.11	-1.3		3249.5
S&P500	5628	-2.47	EUR	1.0837	0.0369	Gold Comex	2900.8	-0.456		
SSE	3366	-0.19	CNY	7.2602	-0.1970	Platinum	963.44	-0.582		
Hg Seng	23783	-1.85	AUD	0.6298	-0.1110	Palladium	945.29	-0.5806		
Brent	69	-1.35	CAD	1.4436	-0.4433					

Source: Bloomberg
Updated: 10/03/2025 17:30

All price data is from 10.03.2025 as of 17:30

Risk warning

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